

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 DOE-11 H-01 INR-07 INT-05 L-03
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FM AMCONSUL ISTANBUL
TO SECSTATE WASHDC PRIORITY 9579
INFO AMEMBASSY ANKARA

LIMITED OFFICIAL USE ISTANBUL 0178

E.O. 11652: N/A
TAGS: ENRG, TU
SUBJ: PETROLEUM SITUATION

REF: (A) ISTANBUL 0124; (B) ANKARA 0332

1. SUMMARY: MOBIL AGREES TO IMPORT ADDITIONAL CRUDE OIL, WHILE SHELL AGREES TO IMPORT CRUDE IF STRIKE STOPS DOMESTIC PRODUCTION. LABOR NEGOTIATIONS CONTINUE AT SHELL FOLLOWING EXPIRATION OF STRIKE INJUNCTION.

2. ISTANBUL-BASED MOBIL EXECUTIVES CONFIRM (REF B) THAT NEW ENERGY MINISTER BAYKAL LAST WEEK PREVAILED ON MOBIL TO IMPORT THREE CARGOS OF CRUDE WORTH APPROX \$15 MILLION IN ORDER TO BRING ATAS REFINERY (OWNED BY THREE INTERNATIONALS - MOBIL: 56 PERCENT, SHELL: 27 PERCENT, AND BP: 17 PERCENT) UP TO CAPACITY THROUGH END OF JANUARY. MOBIL SINCE MID-1977 HAS IMPORTED CRUDE ON A DOLLAR-FOR-DOLLAR BASIS AS FOREIGN EXCHANGE TRANSFERS ARE MADE, THUS LIMITING ITS FOREIGN EXCHANGE EXPOSURE TO BETWEEN 90 AND 95 MILLION DOLLARS. (NOTE: THAT FIGURE REPRESENTS NORMAL 90 DAY TERMS PLUS \$42 MILLION ARREARS). SINCE EARLY DECEMBER, TRANSFERS HAVE

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BEEN AUTHORIZED IN AMOUNTS AVERAGING \$2.5 MILLION/WEEK WHICH, ALONG WITH SHELL'S DOMESTIC PRODUCTION AND BP'S SMALL IMPORT FLOW, HAS LIMITED THE REFINERY TO LESS THAN 50 PERCENT CAPACITY.

3. ACCORDING TO MOBIL, SHELL ALSO AGREED TO IMPORT CRUDE IN UNSPECIFIED AMOUNTS IF SHELL EMPLOYEES STRIKE, THUS STOPPING SHELL'S DOMESTIC PRODUCTION. (NOTE: SHELL STRIKE INJUNCTION

EXPIRED EVENING OF JANUARY 12, BUT COLLECTIVE BARGAINING NEGOTIATIONS CONTINUE, AND STRIKE THREAT SO FAR HAS NOT BEEN CARRIED OUT. SHELL NORMALLY MEETS ITS CRUDE REQUIREMENTS FROM DOMESTIC PRODUCTION, AND DOES NOT IMPORT.)

4. COMMENT: INCREASED ATAS OUTPUT WILL PROVIDE ONLY TEMPORARY AND PARTIAL RESPITE FOR CHRONIC SHORTAGES OF ALL REFINED PRODUCTS. GOT-OWNED ALIAGA AND IPRAS REFINERIES BOTH CONTINUE AT ONLY PARTIAL CAPACITY. FACT THAT CRUDE OIL NEEDS, LONG ASSUMED TO BE TOP PRIORITY IN ALLOCATION OF FOREIGN EXCHANGE, ARE NOT BEING MET MAY INDICATE THAT GOT MAY HAVE EVEN LESS LATITUDE THAN EVER IN ALLOCATING ITS FOREIGN EXCHANGE RESOURCES ON A DAY-TO-DAY BASIS.

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